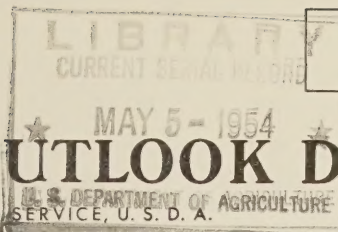


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING

U.S. DEPARTMENT OF AGRICULTURE  
SERVICE, U. S. D. A.

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APRIL 1954

Demand for farm products, domestic and foreign, is expected to remain close to current level through the rest of 1954.

Consumer income was still near record levels in the first quarter of this year, despite reduction in industrial production and employment. A small decline in income may occur the rest of this year, but it is not likely to be enough to significantly affect demand for food.

Current situation suggests that economic activity the rest of the year may show more stability than in past 6 months. Liquidation of inventories, which has caused most of drop so far, is likely to taper off. Business spending for new plants and equipment and government spending for national security may ease off further. But the construction industry probably will continue to operate close to present near-record level and state and local governments probably will spend more than in 1953.

These prospects indicate that over-all demand for goods and services will hold fairly close to current levels.

Outlook for foreign demand also is for general stability. Exports since mid-1953 have been running near a year earlier; probably will continue to do so the rest of 1954.

Big supplies will remain dominant factor in agricultural outlook. Stocks of wheat, cotton, corn, fats and oils and dairy products are at or near record in size. Farm production probably will total close to record 1953 level. Farmers' acreage plans indicate that, with average weather, crop output will be down a little from 1953, mostly because of smaller production of wheat and cotton due to marketing quotas. Hog production is increasing. Cattle marketings will continue high. Dairy and poultry producers are expected to set new records this year.

Demand and supply situation points to slightly lower prices to farmers, on the average, this year than last. Support programs will continue to bolster prices of several commodities for which supplies are largest.

Farmers' cash receipts probably will be down a little from 1953 mostly because of lower prices. In the first quarter of this year both prices and receipts were about 3% below year earlier.

Farmers may pay out a little less for production expenses this year, but decline won't equal the drop in gross. Consequently, net income realized by farm operators may be as much as 4 or 5% below \$12.8 billion of 1953.

Outlook presented above assumed average weather during the growing season. However, if drought in western and southern Great Plains spreads to other areas, income probably would fall further. Reduction in crops probably would not result in much increase in prices because of large stocks on hand. Furthermore, drought would cause larger marketings and lower prices for livestock than now anticipated.

**LIVESTOCK:** Hog slaughter is turning upward as increased number of pigs farrowed last winter begin coming to market. This summer, slaughter is likely to be up to a year earlier. In the fall it will be higher.

Slaughter prospect indicates that hog prices will start decline earlier than usual. However, hog prices still are likely to be favorable compared with feed. Pig crop next fall is likely to be 5 to 10% above last fall.

Cattle slaughter trend has been running well above year ago, but probably will be close to a year earlier the rest of 1954. Fairly stable prices for top grade steers, seasonal declines for other classes are in prospect last half of this year.



**DAIRY PRODUCTS:** With support levels dropping to 75% of parity on April 1, farmers' prices for milk probably will average about a tenth below a year earlier this spring and summer. Milk-feed price ratios will be well below average. This will not affect milk output during pasture season, assuming normal weather, but may tend to discourage further increases later on.

**EGGS AND POULTRY:** Early hatch of chicks for farm flock replacement this year was largest on record. Number of chicks and young chickens on farms April 1 was 19% above last year, 22% above average. It's still too early to determine size of chicken crop but probabilities are that total will exceed last year's 615 million.

Weekly placement of chicks in specialized broiler areas continue at near-record rates, pointing to large broiler supplies through July. In early April broiler prices were near the low points of last December.

Nine percent increase in hatchings of heavy-breed turkeys, 37% rise for light breed poults through March indicates U. S. turkey crop will be far above last year and perhaps a record.

**FATS AND OILS:** Upward pressure on edible oil prices is expected later in season as commercial supplies become tight. Large part of total supply is owned by CCC in form of cottonseed oil.

Record exports, increased domestic use have pushed prices of inedible tallow and greases sharply higher since October.

**FEEDS:** Near-record supply of feed grain is indicated for 1954-55. Carryover next October 1 will be close to peak. If farmers plant acreages intended in March and yields are average, total supply will be a little larger than this season and not far below 1950-51 record.

**WHEAT:** April 1 estimate indicated winter wheat crop will be down nearly a fourth from 1953 to 678 million bushels. Drought has cut crop sharply in Great Plains since December 1 but prospects have improved in most other areas. First estimate of spring wheat production will be issued June 10.

**FRUIT:** The 47 million boxes of oranges still to be harvested on April 1 were 10½ million less than a year earlier. Supplies in Florida were about the same. Most of the decrease was in California. European demand is expected to pick up because of crop damage in Spain and U. S. consumer demand is expected to continue strong.

**VEGETABLES:** More asparagus, sweet corn and tomatoes than last year but less broccoli, cabbage, lettuce and onions are indicated for early spring harvest.

Prices for new potatoes are expected to decline less rapidly than last year because of reduction in supply; may be above a year earlier by early summer.

**COTTON:** Domestic mills are expected to consume about 8.8 million bales of cotton this year compared with 9½ million in 1952-53. Less textiles are being exported and purchased by the military services than last year and synthetic fibers are replacing cotton to some extent.

Cotton exports, though running below a year earlier the first 7 months of this season, are expected to rise in coming months. Total for 1953-54 probably will be nearly half a million bales more than the 3 million bales exported in 1952-53.

**TOBACCO:** Supplies of the major cigarette tobaccos for 1954-55 will be about the same as in 1953-54, according to acreage and stocks indications. About as much as last year is expected to be consumed domestically. Exports of unmanufactured tobacco in 1954 seem likely to be close to the 1953 figure of 516 million pounds.

**WOOL:** Prices in domestic and world wool markets are likely to remain fairly stable for the next few months. The 1954 wool clip probably will bring farmers prices averaging close to the 54.7 cents received for the 1953 clip. World supplies are about the same as last year while U. S. production of shorn and pulled wool probably will be down a little.